

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	Chapter 11
	:	
LEXINGTON PRECISION CORP., et al.,	:	Case No. 08-11153 (SCC)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**FINAL ORDER REGARDING SUPPLEMENTAL DISCLOSURE
TO HOLDERS OF CLAIMS IN CLASS 5 (SENIOR SUBORDINATED NOTE CLAIMS)**

Upon the oral motion (the “**Motion**”) of Lexington Precision Corporation and its affiliated debtor subsidiary, Lexington Rubber Group, Inc. (together the, “**Debtors**”)¹ for authorization to supplement the disclosure relating to the Plan² and to mail such disclosure to holders of claims in Class 5 (Seniors Subordinated Note Claims) in the form of the disclosure attached hereto as Exhibit “1” (the “**Supplemental Disclosure**”); and upon the record of the hearing held on July 21, 2010 in which the Debtors advised the Court that the amount of the transaction fee to be paid to the DIP Lenders will be approximately \$398,000 less than the amount reflected in the Supplemental Disclosure; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the Supplemental Disclosure, together with the Disclosure Statement, provides “adequate information” as defined by section 1125 of the Bankruptcy Code; and the relief

¹ Capitalized terms not defined herein shall have the meaning attributed to such claims in that certain *Order Pursuant to Sections 105, 502, 1125, 1126, and 1128 of the Bankruptcy Code and the Bankruptcy Rules 2002, 3003, 3017, 3018 and 3020 (i) Approving the Proposed Disclosure Statement, (ii) Approving the Procedures to Solicit Acceptances of Debtors’ Proposed Plan, and (iii) Scheduling a Hearing and Establishing Notice and Objection Procedures for Confirmation of the Debtors’ Proposed Plan*, entered May 26, 2010 [Docket No. 897].

² *Debtors’ Fourth Amended Joint Plan under Chapter 11 of the Bankruptcy Code*, dated May 26, 2010 [Docket No. 869] (the “**Plan**”).

requested in the Motion being in the best interests of the Debtors' estates and their creditors; and, by that certain order, dated July 15, 2010 (the "**Interim Order**"), the Court having granted the relief requested in the Motion on an interim basis; and after due deliberation and just and sufficient cause appearing therefor, it is hereby

ORDERED that the Supplemental Disclosure is APPROVED on a FINAL BASIS; and it is further

ORDERED that the stock election withdrawal form and instructions related thereto in the form attached hereto as Exhibit "2" is APPROVED on a FINAL BASIS; and it is further

ORDERED that the notice procedures set forth in the Interim Order are APPROVED on a FINAL BASIS; and it is further

ORDERED this Court shall retain jurisdiction with respect to any matters related to or arising from the implementation, interpretation, or enforcement of this Order.

Dated: July 21, 2010
New York, New York

/s/Shelley C. Chapman
HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Form of Supplemental Disclosure

In accordance with certain agreements contemplated by the Plan, on the Effective Date, an affiliate of the Plan Investor and the DIP Lenders (each as defined in the Plan) will each receive certain transaction fees in connection with the transactions contemplated by the Plan. The DIP Lenders are Lubin Partners, LLC, William B. Conner, and ORA Associates, LLC. Lubin Partners LLC is an affiliate of Michael A. Lubin, the Chairman of the Debtors' Board of Directors and the Debtors' Co-Chief Executive Officer. William B. Conner currently serves as a member of the Debtors' Board of Directors. To the Debtors' knowledge, ORA Associates is not an insider of the Debtors. For more information about the Plan Investor and the DIP Lenders, please review the Disclosure Statement.

The Plan Investor will receive an annual management fee of \$500,000. In addition, an affiliate of the Plan Investor will receive a one-time transaction fee of \$1,242,000 payable in cash. In turn, the Plan Investor will make a parallel investment in the Debtors by purchasing shares of New LPC Common Stock in an amount equal to the one-time transaction fee at \$10.00 per share. **Because of the parallel investment, the Plan Investor's transaction fee has no net cash effect on the Debtors, but will dilute the New LPC Common Stock received by creditors that made the Class 5 Stock Election.**

The DIP Lenders also will receive a transaction fee of \$601,600 payable in New LPC Common Stock. **Because the DIP Lenders' transaction fee is payable in New LPC Common Stock, such payment will dilute the New LPC Common Stock received by creditors that made the Class 5 Stock Election.**

Together, the transaction fees to the affiliate of the Plan Investor and to the DIP Lenders will dilute the New LPC Common Stock received by creditors that made the Class 5 Stock Election by approximately 5.4%.

The management fee and the transaction fees were not previously disclosed in the Plan, the Disclosure Statement, or the Plan Supplement. In accordance with an interim order of the Bankruptcy Court, dated July 15, if you made the Class 5 Stock Election and, in light of the disclosure of these fees, wish to withdraw such election, you may do so by completing the enclosed withdrawal form and returning the same in accordance with the instructions provided with the withdrawal form, or by otherwise following the instructions provided to you by your nominee. If you withdraw your Class 5 Stock Election, you will receive a cash payment equal to 51% of your claim.

If you do not wish to withdraw your Class 5 Stock Election, you do not need to return the enclosed form or take any other affirmative action.

For Holders of Senior Subordinated Notes in Street Name

For your withdrawal of the Class 5 Stock Election to be valid, you must follow your nominee's instructions to withdraw your Class 5 Stock Election such that your nominee may effect such withdrawal on your behalf before **Monday, July 26, 2010 at 5:00 p.m. (Eastern Daylight Time) (the "Withdrawal Deadline")**.

If your nominee does not receive the withdrawal form with sufficient time for your nominee to electronically withdraw your Senior Subordinated Notes from the account established for the Class 5 Stock Election by the Withdrawal Deadline, your withdrawal of the Class 5 Stock Election will not be effective.

Objections Procedures

In addition to considering confirmation of the Plan, the Bankruptcy Court will consider final approval of this disclosure and the withdrawal procedures set forth herein at the Confirmation Hearing. If you wish to object to the Plan, this disclosure, or the withdrawal procedures set forth herein, you must file such objection with the Bankruptcy Court and serve such objection on the notice parties listed below such that your objection **is received** by **Tuesday, July 20, 2010 at 4:00 p.m. (Eastern Daylight Time)**.

Notice Parties

The Debtors

Lexington Precision Corporation
800 Third Ave. 15th Floor
New York, New York 10023
Attn: Michael A. Lubin

The Office of the United States Trustee for the Southern District of New York

33 Whitehall Street, 21st Floor,
New York, New York 10004
Attn: Paul K. Schwartzberg

The Attorneys for the Creditors' Committee

Andrews Kurth LLP,
450 Lexington Avenue,
New York, New York 10017
Attn: Paul Silverstein and Jonathan I. Levine

The Attorneys for the Plan Investor

Jones Day
222 East 41st Street
New York, New York 10017
Attn: Lisa Laukitis

Dated: July 15, 2010
New York, New York

The Attorneys for the Debtors

Weil, Gotshal & Manges LLP
767 Fifth Avenue,
New York, New York 10153
Attn: Richard P. Krasnow and Victoria Vron

The Attorneys for the Secured Lenders

Waller, Landsden, Dortch & Davis LLP
511 Union Street, Suite 2700
Nashville, Tennessee, 37219
Attn: John C. Tishler

The Attorneys for the Debtors' Postpetition Lenders

O'Melveny & Meyers, LLP
Times Square Tower, 7 Times Square
New York, New York 10036
Attn: Gerald Bender

Respectfully submitted,

LEXINGTON PRECISION CORPORATION

By: /s/ Michael A. Lubin

Name: Michael A. Lubin
Title: Chairman of the Board

LEXINGTON RUBBER GROUP, INC.

By: /s/ Michael A. Lubin

Name: Michael A. Lubin
Title: Chairman of the Board

Exhibit 2

Form of Withdrawal Form

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	:	
In re:	:	Chapter 11
	:	
LEXINGTON PRECISION CORP., <u>et al.</u> ,	:	Case No. 08-11153 (SCC)
	:	
Debtors.	:	(Jointly Administered)
	:	
-----X		

**STOCK ELECTION WITHDRAWAL FORM FOR HOLDERS OF
CLAIMS IN CLASS 5 (SENIOR SUBORDINATED NOTE CLAIMS)**

On June 2, 2010, Lexington Precision Corporation and its affiliated debtor-subsiary, Lexington Rubber Group, Inc. (together the "**Debtors**") sent you a ballot and stock election form with respect to the *Debtors' Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code, as Modified*, dated May 26, 2010 (as it may be further amended or modified, the "**Plan**") and disclosure statement therefor (the "**Disclosure Statement**"). On July 15, 2010, the Debtors filed a supplement to the Disclosure Statement that contained additional information regarding the Plan (the "**Supplement**"). All holders of Claims in Class 5 (Senior Subordinated Note Claims) should review the Supplement.

Pursuant to the Plan, instead of receiving a cash payment equal to 51% of its allowed claim, you, as a holder of a Class 5 Senior Subordinated Notes, may elect to receive shares of New LPC Common Stock (as defined in the Plan) in an amount equal to (x) the product of the allowed amount of their claim and fifty-one percent (51%) divided by (y) \$10.00 (the "**Class 5 Stock Election**"). Because of the additional information contained in the Supplement, the United States Bankruptcy Court for the Southern District of New York entered an interim order, dated July 15, 2010, allowing any holder of a Claim in Class 5 that previously made the Class 5 Stock Election to withdraw such election by completing this form and returning the same by following the instructions set forth below.

Instructions

You only need to fill out this form if you previously made the Class 5 Stock Election AND you wish to withdraw such election. If you complete this form and elect to withdraw your Class 5 Stock Election, you will receive a cash payment equal to 51% of the allowed amount of your claim. If you do not wish to withdraw your Class 5 Stock Election, you do not need to complete and return this form.

Holders of Senior Subordinated Noted Claims

For your withdrawal of the Class 5 Stock Election to be valid, you must follow your nominee's instructions to withdraw your Class 5 Stock Election such that your nominee may effect such withdrawal on your behalf before Monday, July 26, 2010 at 5:00 p.m. (Eastern Daylight Time) (the "Withdrawal Deadline**").**

If your nominee does not receive this form with sufficient time for your nominee to electronically withdraw your Senior Subordinated Notes from the account established for the Class 5 Stock Election by the Withdrawal Deadline, your withdrawal of your Class 5 Stock Election will not be effective.

If you wish to withdraw your Class 5 Stock Election, please complete, sign, and date this form and return it promptly to your nominee in the envelope provided or otherwise follow your nominee's instructions with respect to submitting your withdrawal instructions.

Item 1. Withdrawal of the Class 5 Stock Election

Please check the box below if you wish to withdraw your Class 5 Stock Election.

Withdraw Class 5 Stock Election ☐

Item 2. Certification.

By signing this form,

The undersigned certifies that (i) it is the holder of the Class 5 Senior Subordinated Notes, and (ii) it has full power and authority to withdraw its prior election of the Class 5 Stock Election.

The undersigned authorizes its nominee to treat this form as a direction to electronically withdraw the Senior Subordinated Notes from the account established to make the Class 5 Stock Election.

Name _____

Signature _____

Name of Signatory (if different than holder) _____

Title _____

Street Address _____

City, State and Zip Code _____

Telephone Number _____

Date Completed _____

Please allow sufficient time for your nominee to process the withdrawal of your Class 5 Stock Election and electronically deliver your instructions before the deadline on Monday, July 26, 2010 at 5:00 p.m. (Eastern Daylight Time).